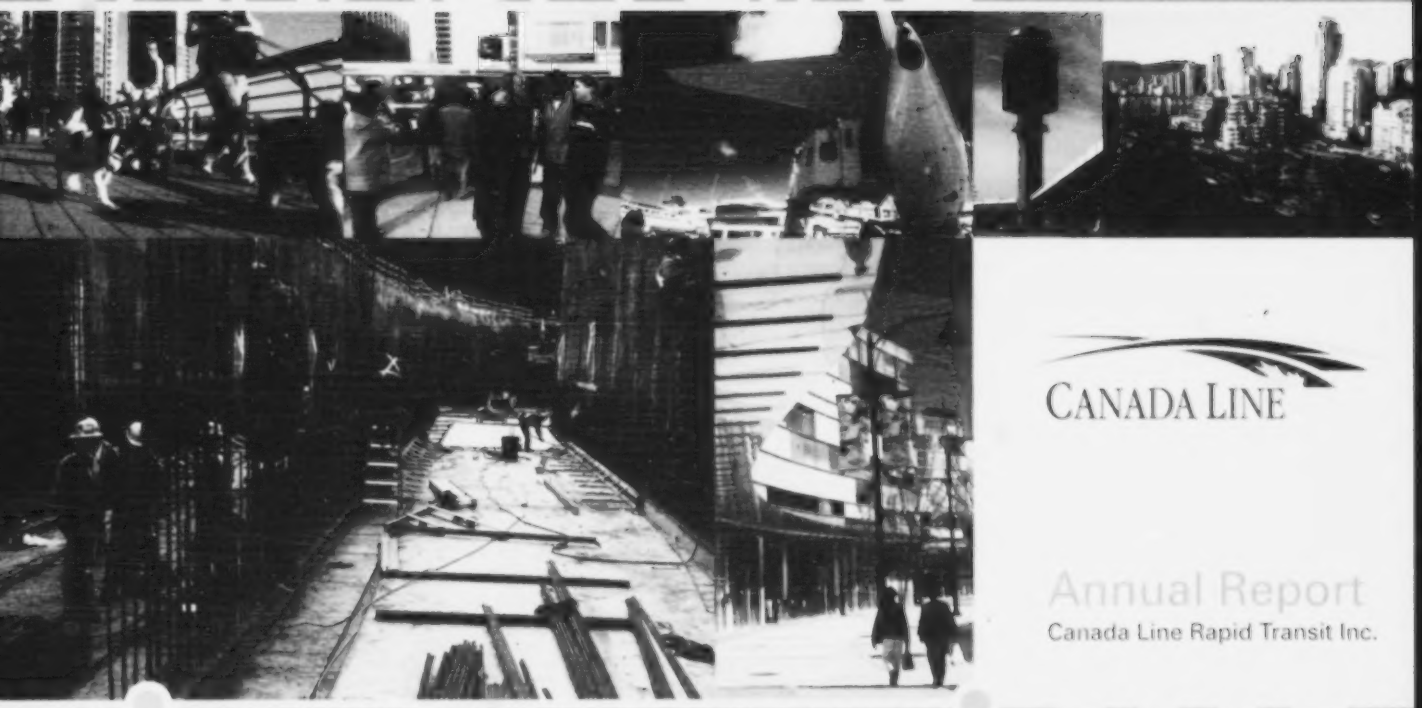
CANADA LINE



CANADA LINE

Annual Report

Canada Line Rapid Transit Inc.

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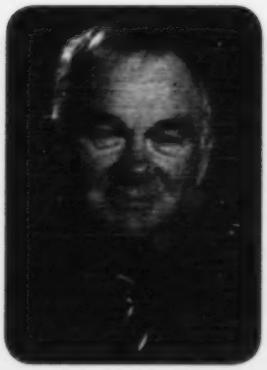
Message from the Chair



On behalf of the Board of Directors and staff of Canada Line Rapid Transit Inc. (CLCO), it is a pleasure to present our second Annual Report. In so many ways, 2005 was an extraordinary year for the Canada Line Project. In the space of a 12-month period, we received project and regulatory approvals, confirmed funding commitments, reached financial close with our private sector partner, and started construction on the largest transportation infrastructure project in Canada.

To get where we are today took a lot of effort by a lot of people. The Canada Line is the result of an exceptional partnership between the Government of Canada, the Province of British Columbia, TransLink, the Vancouver International Airport Authority (VIAA) and InTransitBC—with the support of the Cities of Vancouver and Richmond.

The diligence and efforts of CLCO Directors and staff have also helped the Project take shape in our community over the past year. During 2005 it was our pleasure to welcome Norris R. G. Paget, P.Eng. to the Board of Directors. We also thank Director Peter Powell for his insightful contributions and wish him well as he moves on to new challenges.

The Canada Line has attracted significant funding from senior levels of government and VIAA, and an unprecedented investment from the private sector in the infrastructure of our region. This innovative approach to financing the Project will ensure that funding agencies and the public benefit from private sector capital, expertise and efficiencies. It guarantees public ownership of the Canada Line, and gives government control in setting fares and monitoring performance.

The Canada Line's governance model—one that provides independent, multi-disciplinary and professional oversight—is an important facet of the Project's legacy and a model for future infrastructure projects.

In addition to overseeing CLCO management, our Board of Directors is mandated to ensure that the Canada Line Project meets its commitments to contributing agencies, stakeholders and the public.

We are proud of this role and pleased to continue working on your behalf to build a new rapid transit line that effectively and efficiently meets the long-term needs of citizens, while delivering the very best value for money.

L. I. (Larry) Bell
Chair, Canada Line Rapid Transit Inc. Board of Directors
April 2006

Message from the CEO

Canada Line evolved from idea to reality in 2005 with the completion of the procurement phase and the beginning of construction. We finalized the contract with InTransitBC in July and along the way, RAV became Canada Line. Our focus is now turned toward monitoring and facilitating InTransitBC's design, construction and operation of the Canada Line.

Our core goals over the next four years are to work with InTransitBC to build the Project safely, on time and on budget, while meeting our commitments to the environment and the community. Our task is to create nothing less than a world-class transportation system that will serve residents and visitors for the next 100 years.

With about 19 km of guideway, about half of it underground, a tunnel 30 metres below False Creek, two bridges over the Fraser River, and 16 stations to be built by November 2009, the Canada Line presents a significant engineering challenge. I am confident we and our project partners will meet this challenge over the 44 months remaining in the construction period.

> As we build the Canada Line, we are mindful that we do so in a dense urban space. We take very seriously our commitment to create a safe environment for workers and the public. We are working closely with corridor businesses and residents to manage construction impacts and to prepare for the opportunities the Canada Line will bring. I would like to thank the corridor business community in particular—their work on the business liaison committees and marketing initiatives is invaluable.

We have now begun what promises to be a new and exciting part of the Canada Line journey. As the design of the rail cars and the stations evolves, we will see the Line's personality develop and understand how the Canada Line will "live" in the urban environments it will help to foster. While we are building a train, we are also building an experience. Ultimately, our success will be measured by the satisfaction of the neighbourhoods we are part of and the people we carry. In that spirit, we aspire to a Canada Line that truly elevates the local experience.

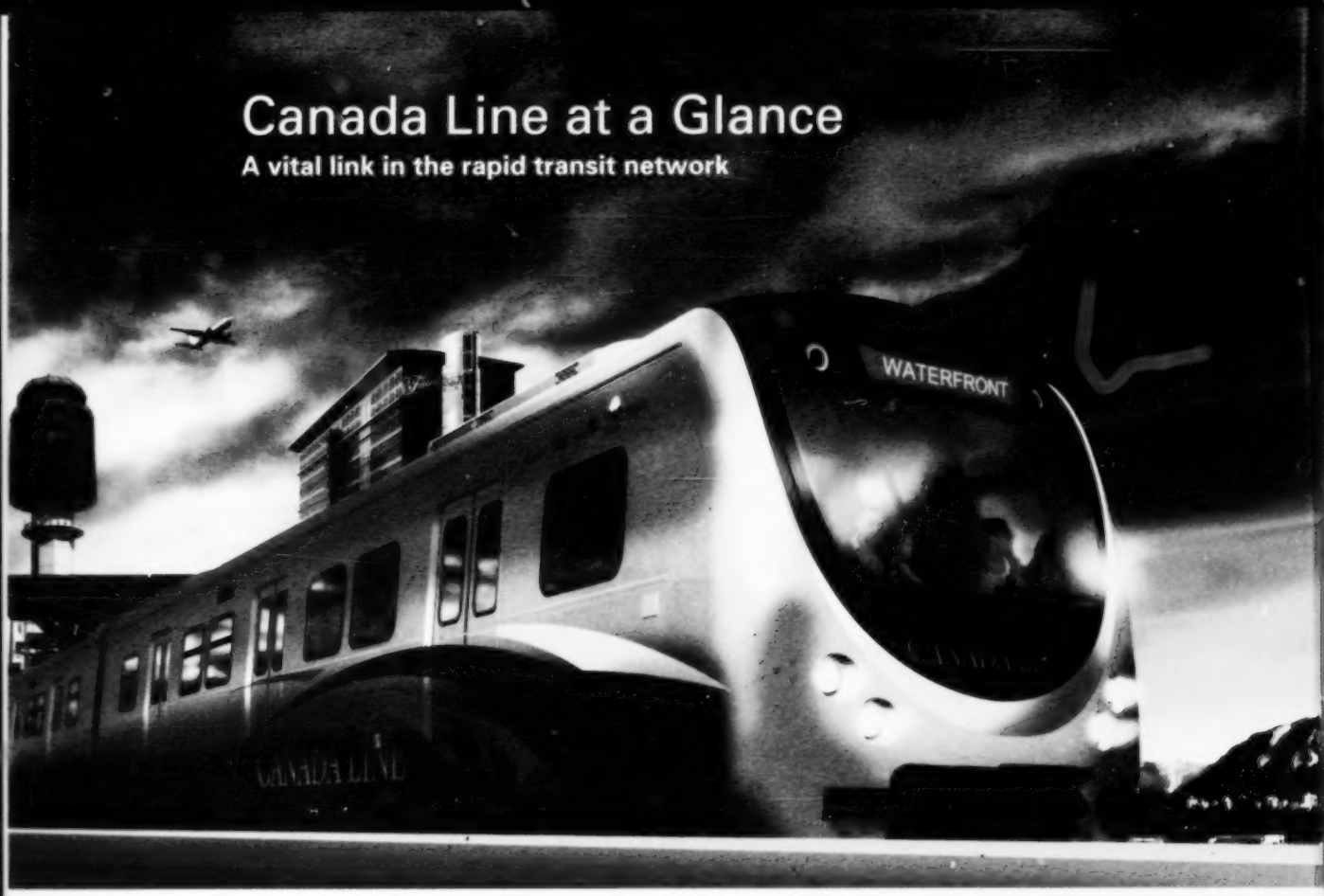
The people working on this Project consider it a privilege, and are passionate about Canada Line. The transition to construction also brought changes to the management team. For those moving on to new projects, please accept our thanks for your tireless efforts in moving us from idea to reality—your boarding pass on opening day awaits.

We value the support, insight and ideas from our funding partners, the cities, businesses and residents. With your continued support, I am confident that construction will be a success and, more importantly, that the Canada Line will become an outstanding feature of our great region.

Jane Bird
CEO, Canada Line Rapid Transit Inc.
April 2006

Canada Line at a Glance

A vital link in the rapid transit network



When it opens in 2009, the Canada Line will be an important new rapid transit service and a significant step forward in the development of a world-class transit network for the Lower Mainland. The 19-kilometre automated rapid transit system will connect Vancouver, central Richmond and the Vancouver International Airport.

With service from downtown Vancouver every three minutes in peak periods, the Canada Line will make a journey of about 25 minutes end-to-end. Stopping at 16 stations along the route, the Canada Line will connect to new parking structures, bus facilities, existing developments, and countless destinations around the region.

Fast Fact

Canada Line trains will reach a maximum speed of 80 km/h. A ride on the Canada Line from downtown Vancouver to Richmond City Centre will be about 25 minutes, compared to a ride of between 42 to 52 minutes on the bus today.

The Canada Line will consist of:

- An underground tunnel from Waterfront Station in downtown Vancouver going south under Granville Street, Davie Street, False Creek, and Cambie Street to south of 64th Avenue
- An elevated guideway climbing from south of 64th Avenue across the Fraser River to Bridgeport Station in Richmond, and continuing west to Sea Island and Vancouver International Airport and south to central Richmond along No. 3 Road
- A park-and-ride facility at Bridgeport Station and bus exchanges at Bridgeport, Marine Drive and Richmond – Brighouse Stations
- A total of 16 stations along the route being built for 2009: four in Richmond, three on Sea Island and nine in Vancouver

The Canada Line will allow those boarding to local destinations to calculate how long it will take them to get around every day, regardless of bridge traffic or road conditions in 2010 and beyond. Air travelers will be able to check their bags and receive their boarding passes downtown and make the trip to YVR worry-free.

A world-class rapid transit system

Canada Line Partners

The Government of Canada and the Government of British Columbia, the Greater Vancouver Transportation Authority (TransLink), and Vancouver International Airport Authority are funding the Canada Line, which is also supported by the Cities of Vancouver and Richmond. The Project is overseen by Canada Line Rapid Transit Inc. (CLCO[1]), a subsidiary of TransLink. The Canada Line is being designed, built, operated, maintained and partially financed by InTransitBC, a joint venture company owned by SNC-Lavalin Inc., the Investment Management Corporation of BC, and the Caisse de dépôt et placement du Quebec.

(amounts expressed in nominal dollars):

Public Funding:	**$1,334 Million**
Canada:	$450 Million
BC:	$252 Million[2]
GVTA:	$343 Million[3]
VIAA:	$259 Million[4]
City of Vancouver:	$30 Million
Private Financing:	**$720 Million**
TOTAL	**$2.054 Billion**

Fast Fact

The Project has attracted significant private sector investment, including from major Canadian Pension Funds and international banks. In 2005, Canada Line was awarded the 2005 Infrastructure Deal of the Year – Americas by Project Finance International Magazine, and North American Transport Deal of the Year by Project Finance Magazine.

[1] Effective February 1, 2006 RAV Project Management Ltd. (RAVCO) changed its name to Canada Line RapidTransit Inc. (CLCO)

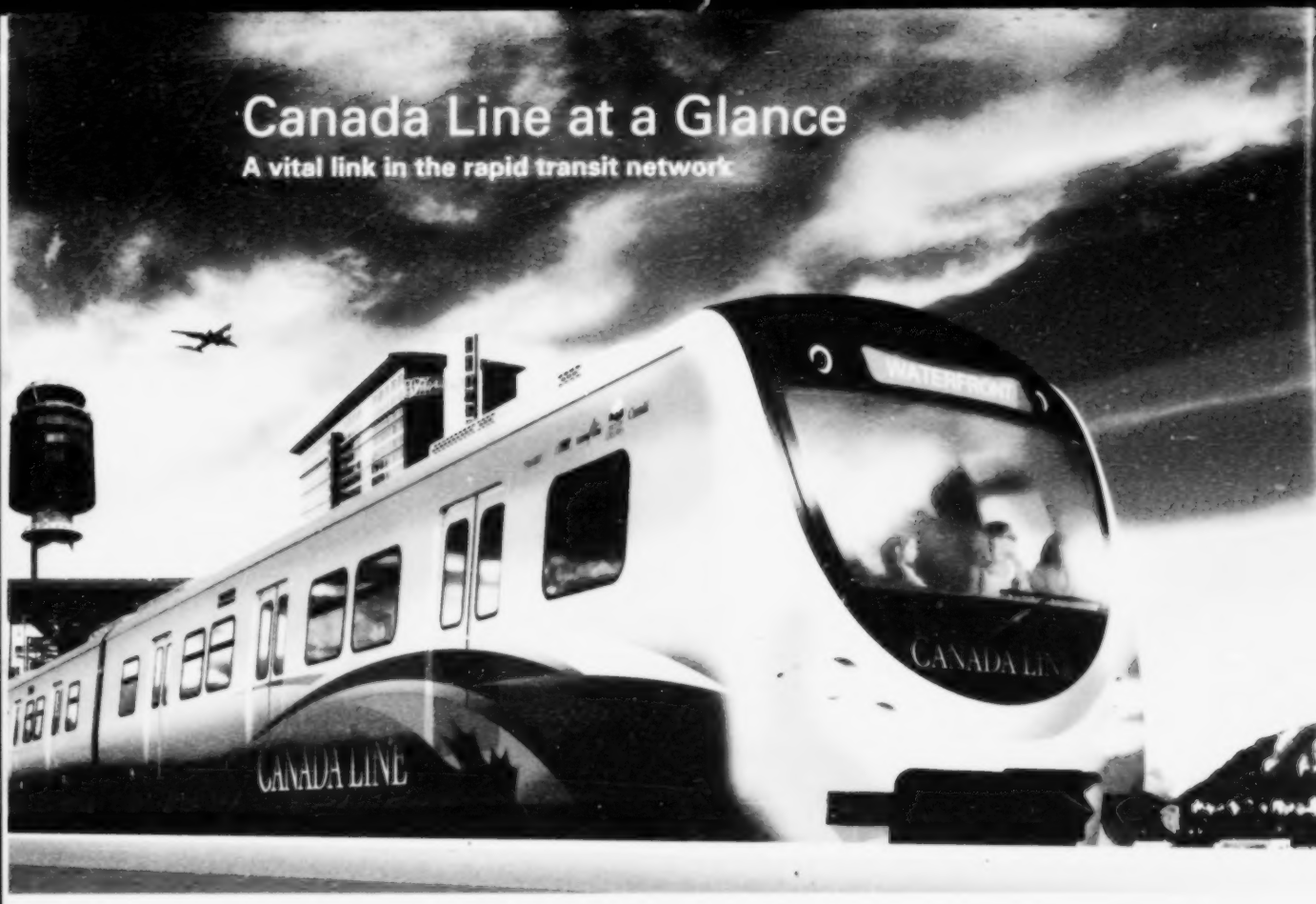
[2] In addition, $166 million ($ nominal) or $152 million ($2003 using CPI) of the Province's contribution is the amount raised by the Concessionaire during the construction period. The Concessionaire expects to recover this amount from the Province during the operating period as performance payments for which the Concessionaire is at risk. These contributions plus a Provincial conditional contingency total $435 million (nominal).

[3] Includes the GVTA contribution to the separately priced/approved options to add a bike lane to the Fraser North Arm Bridge and a segment of double-track in Richmond.

[4] VIAA is paying for the cost to build the Airport Line plus a contribution to common costs and a reserve. Design decisions by VIAA result in adjustments to the cost of this segment.

Canada Line at a Glance

A vital link in the rapid transit network



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Canada Line in Context

Meeting long-term transportation needs

"The Canada Line represents a quantum leap forward, not only for our region's rapid transit system, but for a transportation corridor that serves hundreds of thousands of people daily. A clean and efficient way to move more people, the new Line will be a catalyst for the kind of positive growth and development that fits the region's long-term plans."

Chair Malcolm Brodie, TransLink and Mayor, City of Richmond

Fast Fact

The cost of congestion in the Lower Mainland is approximately $1.2 billion annually. The Canada Line will help ease traffic congestion by offering a fast, frequent and reliable transit option in one of the region's busiest urban corridors.

"Canada Line is an investment that we are making for our children, our economy and our environment, generating hundreds of millions of dollars in new private sector investment and thousands of jobs, while reducing traffic congestion and greenhouse gas emissions."

Hon. Kevin Falcon, BC Minister of Transportation

"The Canada Line is an important component in our long-term planning for the airport. When the Line opens in 2009, we expect that there will be close to 30,000 employees and nearly 20 million passengers at YVR. The Line will provide our customers and employees with rapid transit along one of the region's busiest transportation corridors. It will benefit us all, and the environment, by getting commuters out of their vehicles."

Larry Berg, President and CEO, Vancouver International Airport Authority

With no urban freeway, the City of Vancouver's vision for the region since the 1960s has been based on transit-friendly and pedestrian-friendly neighbourhoods. As a result, some of the healthiest and most dynamic neighbourhoods in North America are found in Greater Vancouver. While the region's liveability has been a magnet for people and economic prosperity, the region has also seen traffic congestion grow exponentially.

The transportation corridor connecting downtown Vancouver with downtown Richmond is one of the busiest in Greater Vancouver and home to one-third of the region's jobs and 20 per cent of its population. Of the four major regional transit corridors, it experiences the greatest traffic density.

Population growth will further burden the existing transportation infrastructure, impacting not only the economy and environment, but also our quality of life. In addition, the number of people served by the airport each year is expected to double within the next few decades.

To support the vision and quality of life of the region, the Canada Line will provide the transportation capacity of ten arterial roads, reducing the cost and pressure of the automobile on the environment, on our neighbourhoods and on the unique liveability of the Vancouver region.

For residents and visitors alike, the Canada Line will improve access to regional transportation services, such as the SeaBus, Westcoast Express, and existing SkyTrain lines, as well as to the vibrant neighbourhoods of the Greater Vancouver community. By providing an efficient and reliable means of transportation between destinations, such as the Vancouver International Airport, the cruise ship facilities at the Port of Vancouver, the expanded Trade and Convention Centre, and the international shops and services of No. 3 Road in Richmond, the Canada Line will also become an important element of the tourism industry in the region.

The Canada Line will serve an estimated 100,000 riders per day in 2010, or an estimated 31 million passengers per year. By 2021, ridership is expected to grow to an estimated 45 million passengers annually.

"Vancouver has been recognized as the world's most liveable city. The Canada Line will help us maintain that honour, even as we grow, by providing a sustainable public transit service that connects neighbourhoods and brings us closer to Vancouver's long-term transportation goals."

Mayor Sam Sullivan, City of Vancouver

"I am very proud of the Government of Canada collaboration with its provincial and industry partners in moving the Canada Line closer to becoming a reality. The Canada Line will allow the people of Greater Vancouver to easily travel between their communities, and Vancouver's world-class airport and seaport. In 2010, and for years to come, the Canada Line will be an example of an unprecedented federal investment in cities and sustainable transportation choices."

Hon. Lawrence Cannon, Minister of Transport, Infrastructure and Communities

The Canada Line will connect the region to the rest of Canada and to the world through Canada's Pacific Gateway.

Fast Fact

Each year, the Canada Line will help reduce greenhouse gas emissions equivalent to the weight of 1,000 fully-loaded jumbo jets

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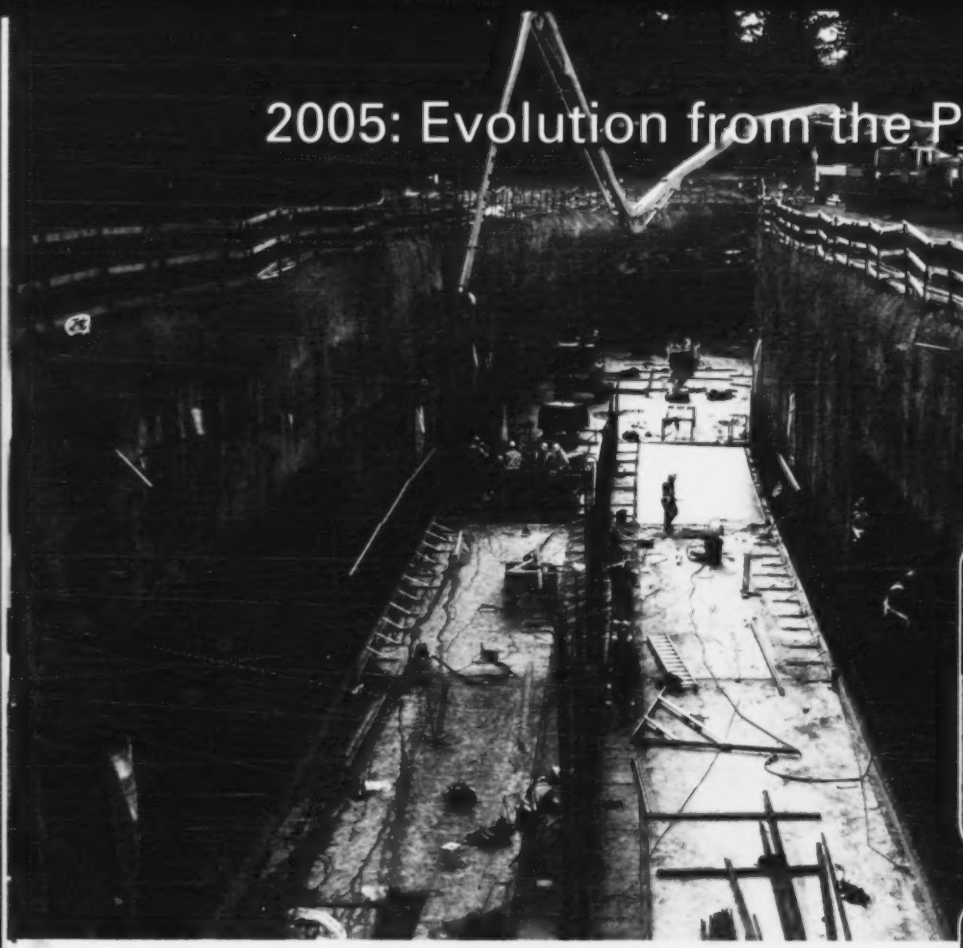


In early 2005 InTransitBC was named preferred proponent and the rapid transit line, then known as RAV, began taking shape in the corridor. From construction methodologies, environmental plans and schedules to traffic and business strategies, project details were reviewed with businesses and resident groups throughout the year.

Another significant milestone was reached when construction of the Line began in September 2005. Over 9 km of the 19-kilometre Line is being built in tunnel. Under False Creek, the tunnel will be built about 30 metres below the creek bed. The tunnel will be at its deepest—over 30 metres below street level—in downtown Vancouver. In Richmond, over 200 columns will be erected to carry the guideway between the North Arm Fraser Crossing and the City Centre. The bridge crossing the North Arm of the Fraser River, the first in North America being built using a combination of cable-stayed and post-tensioned balanced cantilever bridge designs, will connect the Richmond and Vancouver segments of the Line.

Once the temporary disruption of construction passes, the Canada Line will contribute to a unique sense of place and create a lasting legacy that enhances the neighbourhood.

Bringing the Canada Line to Life

Beginning with a multitude of studies, sketches and schedules, the Canada Line will be brought to life by the advanced technologies, innovative construction methods, concrete, steel, rails and the hard work of about 2,500 engineers, architects, construction workers and others.

With the start of construction, the Project released its commitments to be a good neighbour during the construction phase of the Project.

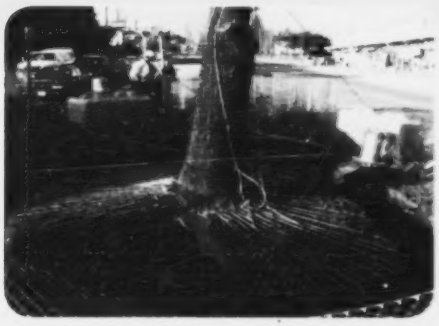
While we build:

- We will **PROMOTE** a safe environment for the people building the Line and for the people who live and work near construction sites
- We will **INFORM** corridor residents and businesses about the construction program and schedule
- We will **UPDATE** traffic information regularly to help motorists plan their routes
- We will try to **MINIMIZE** as much as we can construction-related disruptions to residents and businesses along the route
- We will **WORK WITH** corridor businesses to help them manage through the construction period

Fast Fact

Each Canada Line train can carry 334 people, with access for bicycles, strollers and wheelchairs.

The journey took a big step forward on November 25, 2005, when the RAV Line became Canada Line and the new vehicles were unveiled. On the same day, a state-of-the-art Project website was launched to provide the public, residents, businesses and stakeholders with regular construction and traffic and information: www.canadaline.ca.



Tree #1 from the Cambie Boulevard, which has designated heritage status, was transplanted early in 2006. However, the Project's commitment to protect the Boulevard began to be realized in 2005 with detailed tree inventories, plans, community workshops and the extension of green space commitments to Richmond and Sea Island.

The Business Liaison and Communications Committees for Richmond and Vancouver were formally established by Canada Line in October 2005 after extensive consultation with businesses along the route. The Committees—composed of business community volunteers and Project team members, and supported by a full-time staff member funded by the Project—provided the impetus for a campaign to keep neighbourhoods vibrant while we build.

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January
- InTransitBC is selected as preferred proponent
- Environmental reviews commence

February
- Project team begins block-by-block dialogue to discuss construction plans with businesses and residents
- TransLink votes to add construction of a pedestrian and bicycle lane to the North Arm Fraser River Bridge

March
- Interim agreement reached with InTransitBC, enabling pre-construction activities such as permit applications and utility relocation planning to begin

April
- Agreement reached with the City of Vancouver to construct the Olympic Village Station at 2nd Avenue by November 2009
- Discussions with property owners begin in order to acquire the property required to build and operate the Line

May
- Community meetings and open house to discuss design and construction impacts as part of environmental review process
- First of two workshops held on plans to protect and enhance the Cambie Heritage Boulevard

June
- Project receives Environmental Assessment Certificate
- Geotechnical tests conducted in Richmond, the Fraser River and False Creek
- Station design consultations take place
- Community liaison teams discuss traffic and construction plans with residents

July
- The concession agreement (or contract) for the design, construction, operations, maintenance, and partial financing of the Canada Line is signed with InTransitBC
- Geotechnical testing and utility surveys conducted in Vancouver
- Archaeological investigations take place in Richmond and Vancouver

August
- Preparation of the Final Project Report for the Competitive Selection phase begins with invitation to BC's Auditor General to participate in review

September
- Summary report on preliminary station design consultations released
- Environmental management plans for the construction phase filed, enabling construction to begin
- Design and construction changes proposed in response to input from businesses and residents
- Construction phase roadworks begin with modifications to the Cambie Bridge off-ramp

October
- Work begins on the pre-cast yard, where the concrete elevated guideway and bridge segments will be made
- Open house on design and construction of Cambie Street tunnel in Vancouver
- Work on the Cambie Heritage Boulevard begins with construction of temporary traffic lanes
- Design of the tunnel boring machine begins

November
- Canada Line Partners unveil the Line's official name and vehicle
- Canada Line website launched
- Traffic pattern changes implemented to allow tunnel construction near Queen Elizabeth Park to begin
- Site preparation and excavation for tunnels under False Creek begin near 2nd Avenue
- North and Middle Arm bridge construction begins

December
- Work begins in Bridgeport area to prepare for construction of the Canada Line Operations and Maintenance Centre (OMC)
- TransLink opts for system-wide safety and security measures such as Transit Police instead of installing gates at Canada Line stations
- Second of two workshops held on plans to protect and enhance the Cambie Heritage Boulevard
- Business Liaison and Communications Committees (BLCCs) named, and Independent Project Director announced; Committees begin working on marketing programs to support businesses along the Canada Line
- Retail consultant begins consultations to develop Canada Line workshops to help small businesses along the route

At the close of 2005, five months, or almost 10%, of the 52-month construction period was complete. By November 30, 2009, the Canada Line will commence service.

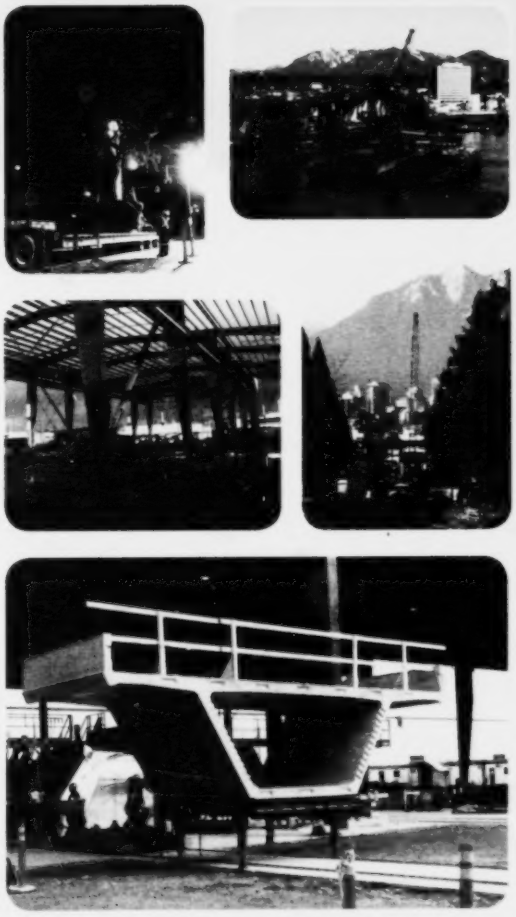
As part of the process to monitor construction, ensure the Canada Line is built to the specifications set by the public sector and completed on time, an independent engineer has been retained to certify progress on a monthly basis. The Independent Engineer's opinion forms the basis for payment to the construction contractor.

Fast, Frequent and Reliable Service

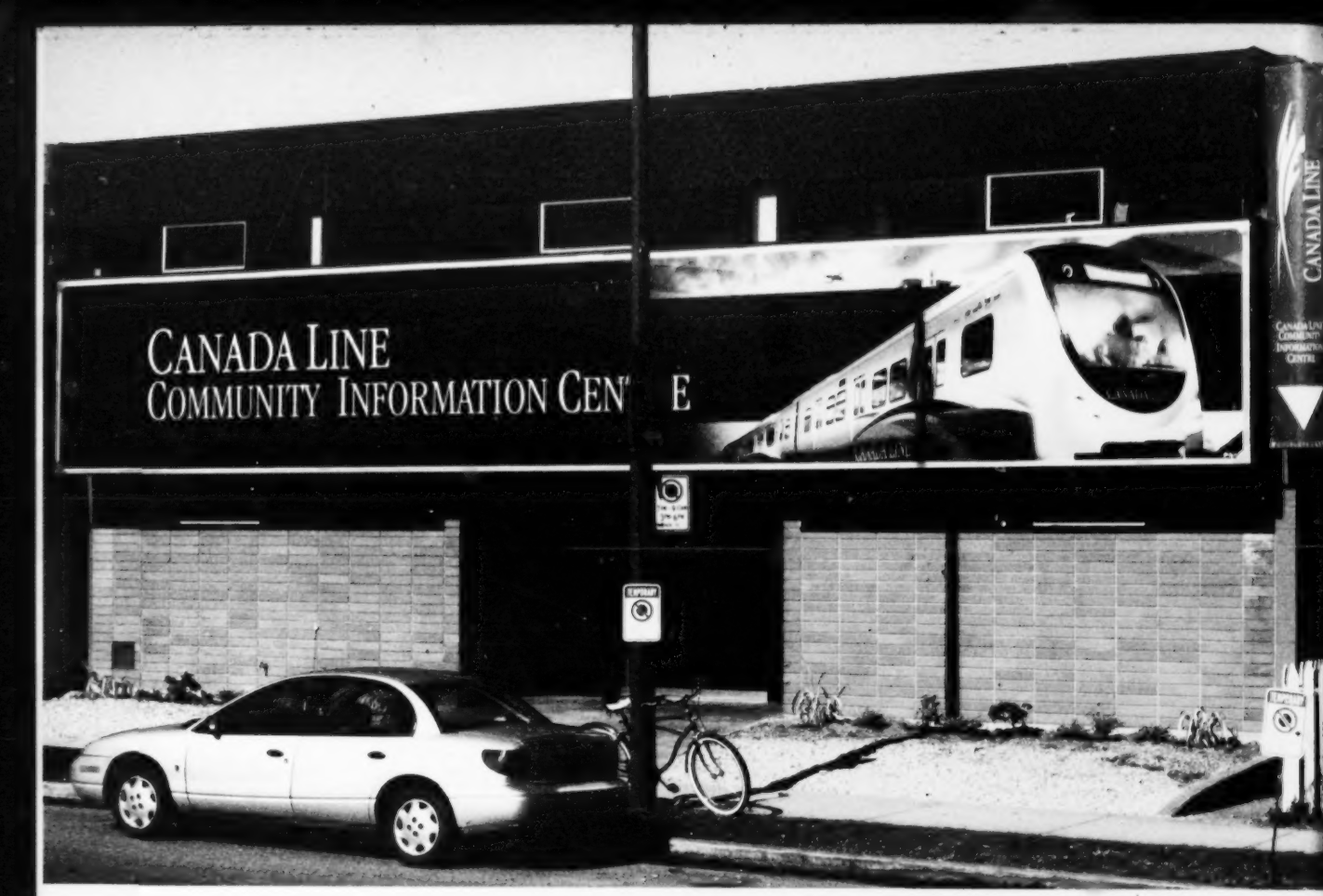
Travel times to Waterfront Station*:

Richmond – Brighouse	25 min
Lansdowne	23 min
Aberdeen	21 min
YVR – Airport	25 min
Sea Island Centre	22 min
Templeton	21 min
Bridgeport	18 min
Marine Drive	16 min
Langara – 49th Ave	13 min
Oakridge – 41st Ave	11 min
King Edward	8 min
Broadway – City Hall	6 min
Olympic Village	5 min
Yaletown – Roundhouse	3 min
Vancouver City Centre	1 min

* Times are approximate and subject to change



For the elevated guideway, over 2,100 pre-cast concrete segments—up to 2.7 metres high, up to 3 metres long, up to 8.4 metres wide, and weighing up to 35 tonnes—will be joined before the tracks are installed over them.



Canada Line and its Neighbours

Consultation, liaison and feedback

As part of our commitment to the communities we serve, Canada Line Rapid Transit Inc. (CLCO) regularly consults with the public. In spring 2001, community consultation meetings were held to review the costs and benefits of building a rapid transit line by 2010. From meetings and a region-wide survey, a significant majority of people supported the Project. In 2003, community consultations again showed support for the proposed Project and route proceeding as defined. These consultations were followed by pre-design consultations in 2004, where input from the public was sought to help define design objectives for the Canada Line and stations. This public feedback has been important in influencing design decisions that have been made to date.

In 2005, as the Canada Line progressed from the procurement phase to the design and construction phase, public consultation and liaison efforts increased.

Fast Fact

At the Waterfront Station—the transportation hub connecting to the North Shore and the eastern part of the region—and at stations along the Canada Line, residents and travelers will be able to check-in for flights from YVR.

Fast Fact

With regional buses terminating at Bridgeport Station rather than continuing downtown, over 600 daily diesel bus trips will be removed from city streets once the Canada Line is in operation.

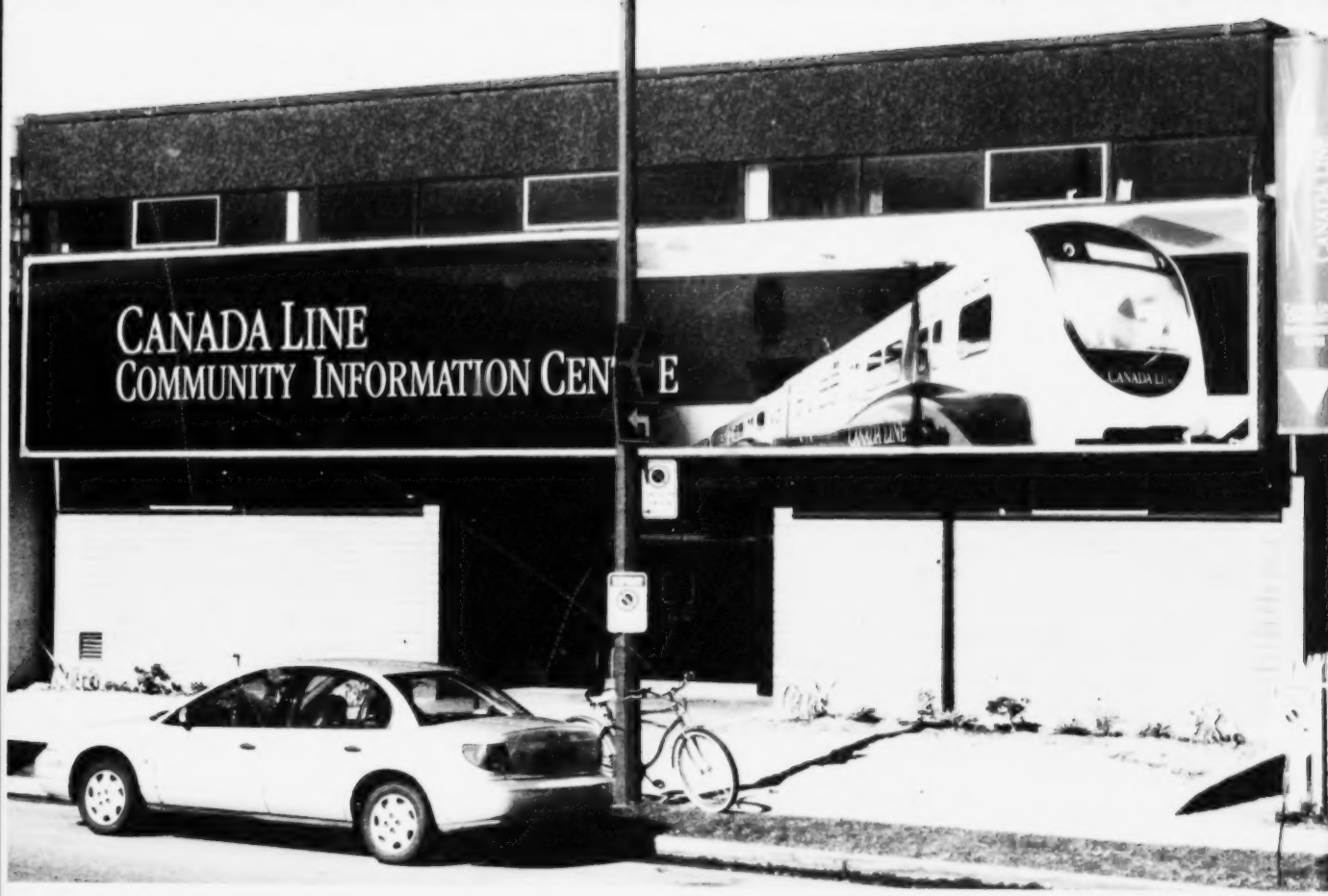
Caring for Our Environment

In 2009 and beyond, the Canada Line will offer the region another option for sustainable transportation. However, the Canada Line's commitment to the environment starts long before opening day. In 2005 the project completed an extensive federal-provincial harmonized environmental review and consultation program.

The process included public and regulatory agency reviews of project design, construction, noise, socio-community impacts, geotechnical investigations, as well as impacts to wildlife, vegetation, fisheries and aquatics, and air quality. During this process, Canada Line Rapid Transit Inc. made specific commitments and assurances to mitigate such impacts.

These include:

- Ensuring that the Project is designed, constructed and operated with care, and with attention given to land use, site context and urban design aspects
- Compliance with all terms and conditions set out in the City of Vancouver Heritage Alteration Permits and ensuring a detailed Tree Preservation and Protection Plan
- Ensuring that there will be no net loss of City of Richmond landscape infrastructure
- Compliance with air quality objectives as agreed to with the Greater Vancouver Regional District
- Development of business liaison initiatives to address construction-related impacts in Richmond and Vancouver



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Consultation, liaison and feedback

Resources for Residents and Commuters

Community liaison initiatives implemented in 2005 provide corridor residents, commuters and adjacent businesses with regular Project updates, respond to enquiries, monitor construction-related activities, and, where possible, help minimize the impact of necessary disruptions. In addition, a construction notification program regularly informs the public in advance about work along the route and provides Project contacts for people who need assistance. Resources developed in 2005 to help people manage the disruptions include:

- Public notices mailed to corridor residents and businesses
- Online information on the Project website, including e-mail updates, traffic advisories, construction schedules and milestones, general Project news and contact information
- Advertisements of traffic advisories and construction schedules in community papers and on local radio stations
- A 24-hour Project telephone line with current information about traffic updates and construction schedules
- Community liaison officers working with corridor residents and businesses to gather and listen to feedback, and respond to questions and concerns
- Community information displays

Working with Businesses

The Canada Line Rapid Transit Project team and partners made business liaison a priority throughout 2005 by providing resources for planning, communication and problem-solving. Business Liaison Programs were developed based on the input and experience of businesses and business associations along the corridor. Our work with businesses will continue throughout the active construction period in order to help businesses manage disruptions and prepare for the opportunities the Canada Line will bring. Resources developed to assist businesses include:

- Block-by-block business visits
- Case study research and program consultations
- Baseline market research on shopping patterns
- Retail consulting advice and workshops for corridor businesses
- Independent, full-time senior consultant working on business issues
- Business Liaison Committees to seek advice and promote communication
- Dedicated funding for business-led initiatives recommended by committees
- Marketing, media and online programs to support businesses
- Community information centres
- Construction information telephone line
- Reviews and feedback on parking and traffic management strategies
- Construction notices and schedule planning tools
- Open houses, construction kick-off and individual business meetings
- On-the-ground Community Liaison Officers

Canada Line Stations and the Neighbourhoods Beyond

More than a utility, the Canada Line will be an interactive experience for riders and residents alike. A neighbourhood experience too, in that stations along the Canada Line will influence local development and create opportunities for local businesses. Station design, led by InTransitBC, began in 2005. Drawing from extensive public input, from an "envisioning" process involving the Project team members, planners, architects, engineers, designers, communicators and citizens, and from their own understanding of the neighbourhoods along the route, the design teams started to consider how the Canada Line will "live" in the urban environment and how it will be experienced by those who use it. The result was a series of planning principles that will help guide detailed design work.

Planning Principles

- *Safety, comfort and convenience are at the heart of this principle, but there's more: the Canada Line must also create a memorable, interesting, engaging experience for the people who ride it*

- *190 distinct and interrelating cultures*
- *An urban experience of nature*
- *A cosmopolitan, inclusive, multilingual, multimedia, multicultural affair*

- *The Canada Line must be a model of durability, strength, simplicity and beauty*
- *The Canada Line must create a distinctively Vancouver experience that is ready for opening with a fanfare in 2009 and will persist, adapt and last efficiently and sustainably beyond our lifetime and beyond those of our children*

Fast Fact

Along the Canada Line, eight stations will be built underground, six will be elevated and two will be at grade.

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On Track for 2006

Having made the transition from procurement to construction in 2005, CLCO's focus turned toward its objectives for the construction phase:

- **Deliver the Project.** Responsible management, ensuring the safety of workers and the public, building the Project as specified, on schedule, and within budget, while meeting its commitments to the environment and the community are CLCO's primary tasks.
- **Elevate the local experience.** The Canada Line will strive to leave a legacy whereby the neighbourhood experience is enhanced by its presence.
- **Increase the value of the Project beyond its value as a utility.** CLCO will look for opportunities to protect and increase the value of the asset to the region, for example through long-term integration of stations with adjacent developments.
- **Evaluate the model and share the experience.** Canada Line is unique in terms of both its governance model and delivery method. CLCO will evaluate and share its experience with others.

For the section of tunnel running under False Creek and downtown Vancouver, the pre-cast concrete tunnel lining segments will be produced in Nanaimo, BC, and shipped to the 2nd Avenue worksite.

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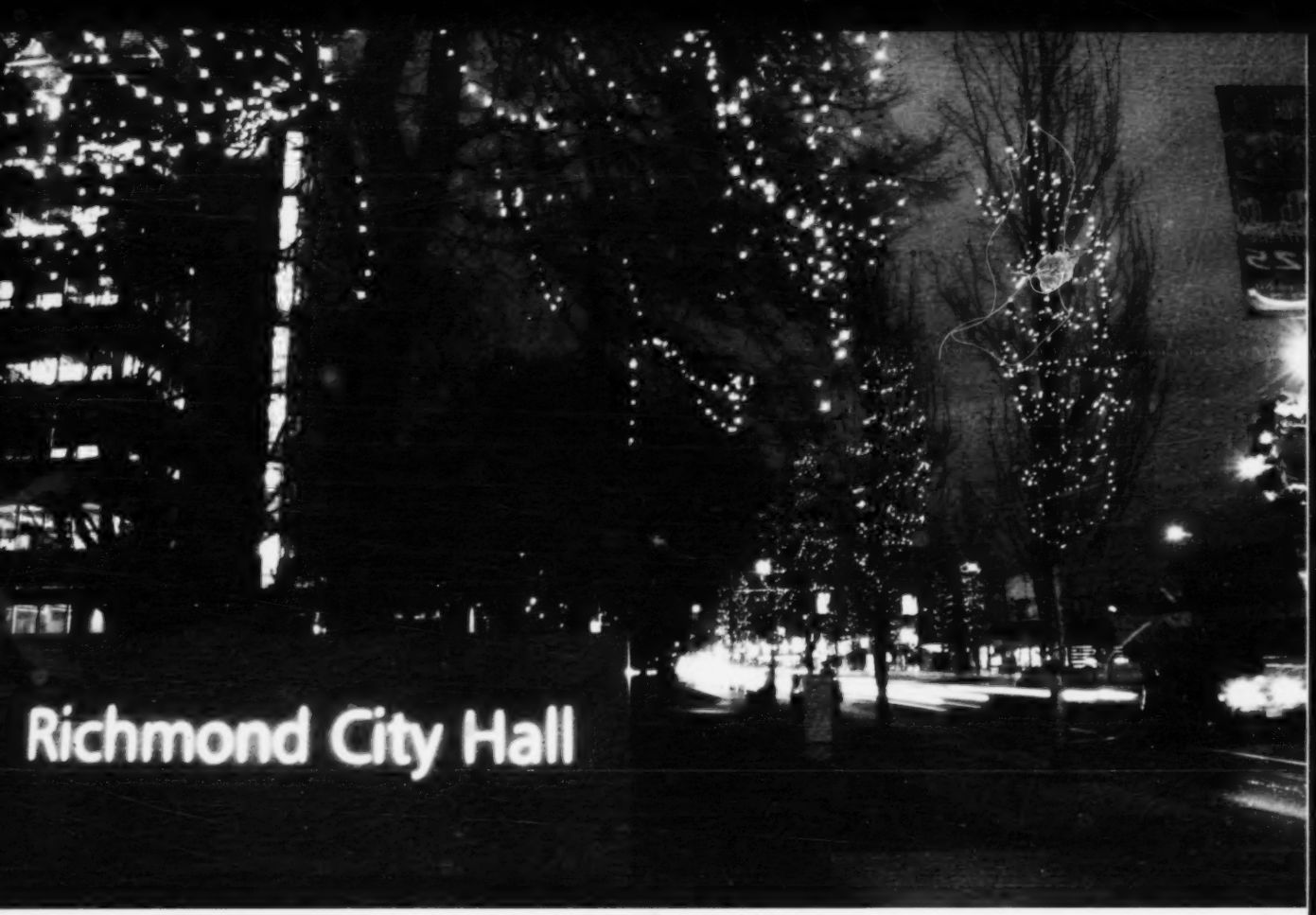

CLCO will be guided by these objectives and will build on its progress in 2006 with:

- Public consultation on detailed station design
- New marketing initiatives—through the Business Liaison and Communications Committees—to support businesses along the Canada Line
- Ongoing development of the Canada Line vehicles, including interior design
- Launch of the tunnel boring machine (TBM) and start of tunnel construction under False Creek
- Construction of the tunnel "portal," or the transition from the underground to the elevated guideway, between 63rd and 65th Avenues in Vancouver
- Installation of the foundations and columns that will support the elevated guideway along the east side of No. 3 Road in Richmond
- Station construction
- Continued outreach to the public, residents, businesses and commuters to keep them up-to-date with all construction activities

CLCO is confident that, working with our partners in government and the community, and with the support of so many along the route and across the region, together we will achieve the next big transition—from the road to the rails in 2009.

Delivering value for the region

Mission and Values

Canada Line Rapid Transit Inc. (CLCO) is an independently governed subsidiary of TransLink created specifically to oversee the procurement, design, construction and implementation of the Canada Line Project. CLCO's mission is: to implement the design, construction and financing of the Canada Line, meeting the long-term needs of Greater Vancouver as envisioned in the strategic transportation plans of the Greater Vancouver Transportation Authority (TransLink).

As a measure of due diligence and a prerequisite to building the Project, Canada Line Rapid Transit Inc. conducted extensive analysis of the Project and, in a report reviewed by British Columbia's Auditor General, concluded that the Line is expected to achieve value for money.

In carrying out its mandate, CLCO is committed to the highest standards of due diligence and a fair, effective and professional procurement process in order to achieve the most appropriate transit system and the best value for funding agencies and residents in the region. In addition, CLCO is guided by the following values:

- **Integrity**
  We govern ourselves according to the highest ethical standards to do what is honest and fair and to avoid conflict of interest.
- **Professionalism**
  We bring the highest degree of professionalism to the Project and follow best practices in corporate governance, engineering, law, finance, design and consultation.
- **Accountability**
  We are committed to achieving a rapid transit line that will meet the long-term needs of residents in the region and will represent the best value for public money.
- **Disclosure**
  We are committed to making information about the Project available to the public wherever possible and to balancing the public interest in disclosure of information about the Project with the public interest in a thorough, fair and vigorous process that delivers value for money through commercial competition and negotiations.
- **Communication and Consultation**
  We report on the Project regularly to the public, funders and other interested stakeholders, respond to public enquiries and provide meaningful opportunities for public input.

CLCO has also established a Code of Conduct for its staff and contractors to reflect the company's mandate, values and best practices in corporate governance.

Commitment to Accountability

CLCO is committed to reporting to the public on the Canada Line's status and to offering opportunities for individuals and organizations to provide their comments and feedback on our activities and decisions.

Project information is available on the Canada Line website at www.canadaline.ca and in the Project Office. In addition, CLCO issues regular information bulletins, fact sheets and postcards. To address specific issues, CLCO sends letters and notices to businesses and residents in close proximity to the corridor.

The public is also invited to provide input and feedback on the Canada Line Project through public delegations to meetings of the Board of Directors. These public meetings are held quarterly.

As part of its ongoing commitment to accountability, the Board adopted a Public Information and Access Plan in early 2004. The plan prescribes the following initiatives to provide access to information about the Canada Line Project:

- Maintaining a Canada Line website
- Producing Project updates and bulletins in partnership with InTransitBC
- Providing access to technical and other project reports
- Responding to public and media enquiries
- Conducting extensive public consultations

Governance and Accountability

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- Conducting extensive public consultations

- Producing quarterly and annual reports on progress
- Hearing public delegations at quarterly CLCO Board Meetings
- Making minutes from all reguiar board meetings available publicly
- Responding to Freedom of Information (FOI) requests

Board of Directors

The Board of Directors consists of nine Directors: five nominated by TransLink (three of whom are independent of TransLink); two nominated by the Airport Authority (one of whom is independent of the Airport Authority); and two nominated by the Province (both of whom are independent of the Province). In addition, one senior representative from the City of Richmond and one from the City of Vancouver attend Board meetings in a non-voting capacity.

- **L.I. (Larry) Bell**
  Chair, CLCO and Chair, BC Hydro
  Independent
- **Larry Berg**
  President & CEO,
  Vancouver International Airport Authority
  Representing VIAA
- **Pat Jacobsen**
  CEO, TransLink
  Representing TransLink
- **Eva Matsuzaki**
  Matsuzaki Architects Inc.
  Independent
- **Michael O'Connor, P.Eng.**
  Vice President Operations,
  Terasen Utilities Services
  Independent
- **Norris R.G. Paget, P.Eng.**[1]
  President, Paget Engineering Consultants Ltd.
  Independent
- **Peter Powell**[2]
  Former Vice Chairman, Senior Vice President & Managing Director, BMO Nesbitt Burns
  Independent
- **Sheri Plewes, P.Eng.**
  P.Eng., Vice President,
  Capital Management & Engineering, TransLink
  Representing TransLink
- **David G. Unruh**
  Corporate Director
  Independent

Municipal Attendees

- **George C. Duncan**
  Chief Administrator Officer, City of Richmond
  Non-voting representative
- **Judy Rogers**
  City Manager, City of Vancouver
  Non-voting representative

Officers of Canada Line Rapid Transit Inc., April 2006:

- **L.I. (Larry) Bell** – Chair
- **Pat Jacobsen** – President
- **Jane Bird** – Chief Executive Officer
- **Anthony Guglielmin** – Senior Vice President Finance, Chief Financial Officer and Corporate Secretary
- **Jeff Hewitt** – Senior Vice President Engineering
- **Scott Hanna** – Vice President Environment and Regulatory Affairs

The following individuals also served as Officers of the corporation for all or part of 2005: **John Eastman** – Senior Vice President Technical; **Donald Fairbairn** – Senior Vice President and Chief Financial Officer; **Naina Sloan** – Vice President Corporate Affairs and Corporate Secretary; and **David Rowat** – Director of Finance.

[1] Appointed, effective September 2005
[2] Resigned, effective February 2006

Auditors' Report to the Shareholder

We have audited the statement of financial position of RAV Project Management Ltd. as at December 31, 2005, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Vancouver, Canada

January 27, 2006

RAV Project Management Ltd.

Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Cash and cash equivalents	$ 23,248,720	$ 1,453,302
Accounts receivable	4,593,974	-
GST receivable	376,134	-
Due from related parties (note 5)	-	280,376
Prepaid expenses	72,452	15,585
Capital assets (note 3)	208,069	215,764
Project costs (note 4)	230,987,885	18,616,352
	$259,487,234	$ 20,581,379
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 11,856,010	$ 3,495,418
GST payable	-	35,960
Due to related parties (note 5)	234,028	-
Deferred capital contributions (note 6)	247,397,195	17,050,000
Net assets (note 7)	1	1
	$259,487,234	$ 20,581,379

Financing arrangements (note 8)
Concession agreement (note 9)
Commitments and contingencies (note 10)
Subsequent event (note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

RAV Project Management Ltd.

Statement of Cash Flows

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Investments:		
Project costs	$ (300,323,749)	$ (11,667,595)
Amortization of capital assets	218,238	156,209
Capital assets additions	(210,543)	(90,906)
Accounts receivable	(4,593,974)	-
GST receivable (payable)	(412,094)	168,293
Prepaid expenses	(56,867)	12,761
Accounts payable and accrued liabilities	8,360,592	2,023,524
Due from/to related parties	514,404	(348,216)
	(296,503,993)	(9,745,930)
Financing:		
Contributions from the Vancouver International Airport Authority	19,982,204	1,025,000
GVTA land acquisition costs	67,970,012	-
Deferred capital contributions	230,347,195	8,743,000
	318,299,411	9,768,000
Increase in cash	21,795,418	22,070
Cash and cash equivalents, beginning of year	1,453,302	1,431,232
Cash and cash equivalents, end of year	$ 23,248,720	$ 1,453,302

See accompanying notes to financial statements.

Notes to financial statements

1. Nature of business:

RAV Project Management Ltd. ("RAVCO" or the "Company") is incorporated under the Company Act of British Columbia and is wholly owned by the Greater Vancouver Transportation Authority ("GVTA").

RAVCO is incorporated to oversee the study, design, financing, construction, operation and maintenance of a rail-based rapid transit line (the "Canada Line," formerly the "RAV Line," or "Project") running between central Richmond and the Vancouver International Airport and downtown Vancouver. RAVCO is funded by the Government of Canada, the Province of British Columbia (the "Province"), GVTA, the Vancouver International Airport Authority (the "Airport Authority" or "VIAA"), and the City of Vancouver and has entered into funding agreements with each of these parties (see note 8 - Financing Arrangements).

Prior to July 29, 2005, RAVCO performed preliminary financial and technical studies, managed the competitive bid process to select the private partner, and negotiated definitive agreements related to the design and construction of the Project (the "Procurement Phase"). On July 29, 2005 ("Financial Close"), RAVCO entered into an Amended and Restated Concession Agreement (the "Concession Agreement") with GVTA and InTransitBC Limited Partnership (the "Concessionaire"), the private sector partner selected through a competitive bid process, under which the Concessionaire will undertake the design, partial financing and construction of the Canada Line and subsequently its operation and maintenance (see note 9 - Concession Agreement). Subsequent to Financial Close, RAVCO is overseeing the construction of the Project (the "Construction Phase").

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. Costs associated with the design of the Canada Line are capitalized on the accrual basis to either capital assets or Project costs. No statement of operations is provided as RAVCO's activities are focused on the Canada Line's Procurement and Construction phases and there are no operations.

RAVCO is filing its tax returns on a not-for-profit and tax exempt basis.

The statement of financial position has been prepared on a non-classified basis as segregation of assets and liabilities between current and non-current would not provide meaningful information.

(b) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less.

(c) Capital assets:

Capital assets are stated at cost and are amortized on a straight-line basis over their useful economic lives as follows:

Asset	Rate
Furniture and equipment	5 years
Computer hardware	3 years
Computer software	3 years

Amortization is recorded as part of Project costs.

2. Significant accounting policies (continued):

(d) Project costs:

Project costs consist of costs during the Procurement and Construction Phases of the Canada Line.

Procurement and Construction Phase costs are deferred until the Canada Line is completed and put into service, at which time the costs will be amortized.

Should the Canada Line be terminated, the Project costs will be written off in that period.

(e) Deferred capital contributions:

The Company follows the deferral method of accounting for contributions. Accordingly, capital contributions for Procurement and Construction Phases of the Canada Line from the Government of Canada, the Province, GVTA, the City of Vancouver and the private sector partner will be recognized as revenue in the year in which the related expenses are recognized.

(f) Recoveries:

The Company nets the contributions from the Airport Authority against the related Project costs. Contributions received in advance of specific Airport-related Project costs are recorded as deferred recoveries.

The Company also nets certain contributions from GVTA specifically relating to the acquisition of land acquired by RAVCO in the name of GVTA.

(g) Derivative financial instruments:

The Company may enter into interest rate swap agreements to reduce its exposure to market risks from changing interest rates.

The Company recognizes these derivative trading instruments on the balance sheet at their fair value. Changes in the fair value of the interest rate swaps will be reported as part of Project costs.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements. Significant areas requiring the use of management estimates relate to the provision for accrued liabilities and contingencies. Actual results could differ from these estimates.

3. Capital assets:

			2005	2004
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	$ 140,038	$ 57,320	$ 82,718	$ 49,583
Computer hardware	197,854	148,755	49,099	49,705
Computer software	372,837	296,585	76,252	116,476
	$ 710,729	$ 502,660	$ 208,069	$ 215,764

Notes to financial statements

4. Project costs:

	2005	2004
Construction costs	$ 195,407,384	$ -
Property acquisitions	84,276,092	-
Management costs	41,281,625	20,641,352
	320,965,101	20,641,352
Less:		
GVTA land acquisition costs (notes 2(f) and 6)	(67,970,012)	-
Contributions from the Airport Authority (notes 2(f) and 6)	(22,007,204)	(2,025,000)
	(89,977,216)	(2,025,000)
	$ 230,987,885	$ 18,616,352

5. Related party transactions:

The following table summarizes the Company's related party transactions during the period:

	2005	2004
Secondment of staff, net of cost sharing recoveries for consultant costs - GVTA	$ 104,861	$ 213,787
Payroll processing charges – West Coast Express (WCE)	14,000	-
Insurance coverage - Transportation Property and Casualty Company Inc. (TPCC)	3,000,000	-

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following amounts represent balances due to/from related parties as at December 31:

	2005	2004
Due from related party:		
GVTA	$ -	$ 280,376
Due to related parties:		
GVTA	$ 19,811	$ -
WCE	214,217	-
	$ 234,028	$ -

The amounts due to GVTA and WCE are due on demand and are unsecured and bear no interest, and have arisen from the transactions referred to above. Included in the amount due to WCE is $212,077 relating to payroll costs which were paid by WCE on behalf of the Company.

Notes to financial statements

6. Deferred capital contributions:

Deferred capital contributions comprise funding received as non-repayable advances from the Government of Canada, the Province, GVTA, and the City of Vancouver for the Procurement and Construction Phases of the Canada Line, as follows:

	2005	2004
Government of Canada	$ 118,936,598	$ 10,000,000
The Province	119,125,000	2,025,000
GVTA	8,216,392	5,025,000
City of Vancouver	1,119,205	-
	$ 247,397,195	$ 17,050,000

Contributions from the Airport Authority are netted against the related project costs when incurred (notes 2(f) and 4). The Company also nets certain contributions from GVTA specifically relating to the acquisition of land acquired by RAVCO in the name of GVTA (notes 2(f) and 4).

7. Net assets:

The Company has authorized two common shares without par value.

8. Financing arrangements:

RAVCO has entered into various agreements with the Government of Canada, the Province, GVTA, the Airport Authority and the City of Vancouver. These agreements provide for the funding of costs related to Procurement and Construction Phases of the Canada Line, as follows:

Funding Agency commitments (nominal dollars except as otherwise noted):

Agency	Total amount of funding
Government of Canada	$ 450,000,000
The Province (note (a))	435,025,000
GVTA (note (b))	334,625,000
Airport Authority (note (c))	300,000,000
City of Vancouver	28,970,059
	$ 1,548,620,059

(a) The Province's contribution includes $165,700,000 deferred contribution for payments during the operating period to the Concessionaire that will vary as a function of the Concessionaire's operating period performance. The total funding commitment also includes a $15,000,000 commitment to fund additional costs.

Notes to financial statements

8. Financing arrangements (continued):

(b) The GVTA contribution includes $8,600,000 towards a pedestrian/bike bridge over the Fraser River. In January 2005, RAVCO entered into an agreement with GVTA which provides unsecured temporary credit facilities to a maximum amount of $30,000,000, which is not included in the above amount.

(c) The Airport Authority contribution includes $50,000,000 for certain common costs, and up to a maximum of $250,000,000 related to the construction of the portion of the Canada Line associated with the Airport Authority section of the Canada Line.

The Airport Authority contributions are based on the value of the Canadian dollar at April 1, 2003, subject to annual compounding for cumulative inflation.

9. Concession agreement:

On July 29, 2005, the original Concession Agreement between RAVCO, GVTA and the Concessionaire was amended and restated and was entered into concurrently with the completion of the Concessionaire's financing and sub-contracting arrangements.

Under the Concession Agreement, the Concessionaire has agreed to design, construct and partially finance the Canada Line and then to operate it over a total term (including construction and operating phases) of 35 years. During the Construction Phase, RAVCO will make payments to the Concessionaire upon the achievement of certain milestones, which as at December 31, 2005, totalled $195,407,382. The Concessionaire assumes price and schedule risk, subject to certain compensation events, the occurrence of which will require RAVCO to make compensatory payments to the Concessionaire. During the operating phase, RAVCO will make monthly payments to the Concessionaire based on the Concessionaire's performance.

10. Commitments and contingencies:

(a) Operating lease commitments:

The Company is committed to payments under operating leases as follows:

2006	$ 333,880
2007	340,073
2008	312,604
2009	286,554

Notes to financial statements

10. Commitments and contingencies (continued):

(b) Cost sharing:

In November 2004, RAVCO entered into cost-sharing agreements with the City of Vancouver and the City of Richmond. The Company agreed to contribute $1,350,000 to the City of Vancouver and $1,170,000 to the City of Richmond for reimbursement of certain costs of municipal staff during the construction of the Canada Line from 2005 to 2009. As at December 31, 2005, amounts of $290,000 (2004 - nil) and $300,000 (2004 - nil) had been paid to the City of Vancouver and City of Richmond, respectively.

RAVCO has entered into access agreements with each of the City of Vancouver and the City of Richmond. The agreements provide access to city streets and outline the process by which the Cities provide advice on design.

In November 2004, RAVCO entered into a Memorandum of Understanding with the City of Richmond which requires RAVCO to fund $2,000,000 during the construction of the Canada Line to improve urban design. At December 31, 2005, no monies had been paid under this Memorandum of Understanding.

11. Financial instruments:

The fair value of RAVCO's cash and cash equivalents, accounts receivable, GST receivable, due to/from related parties and accounts payable and accrued liabilities approximate their carrying amounts.

12. Subsequent event:

On February 1, 2006, RAVCO changed its legal name to Canada Line Rapid Transit Inc., consistent with the Framework Agreement with the Government of Canada and the adoption of the Canada Line name for the Project.

13. Comparative figures:

Certain of the comparative figures have been restated to conform with the current year's financial statement presentation.

CANADA LINE

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Canada

BRITISH COLUMBIA

TRANSLINK

YVR

RICHMOND

A special thanks to the City of Richmond, the City of Vancouver, Tourism Vancouver, TransLink and the Vancouver International Airport Authority for their generous contribution of photographs.

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